

ribbon<sup>™</sup>  
communications

# Ribbon Announces Acquisition of Edgewater Networks

June 25, 2018

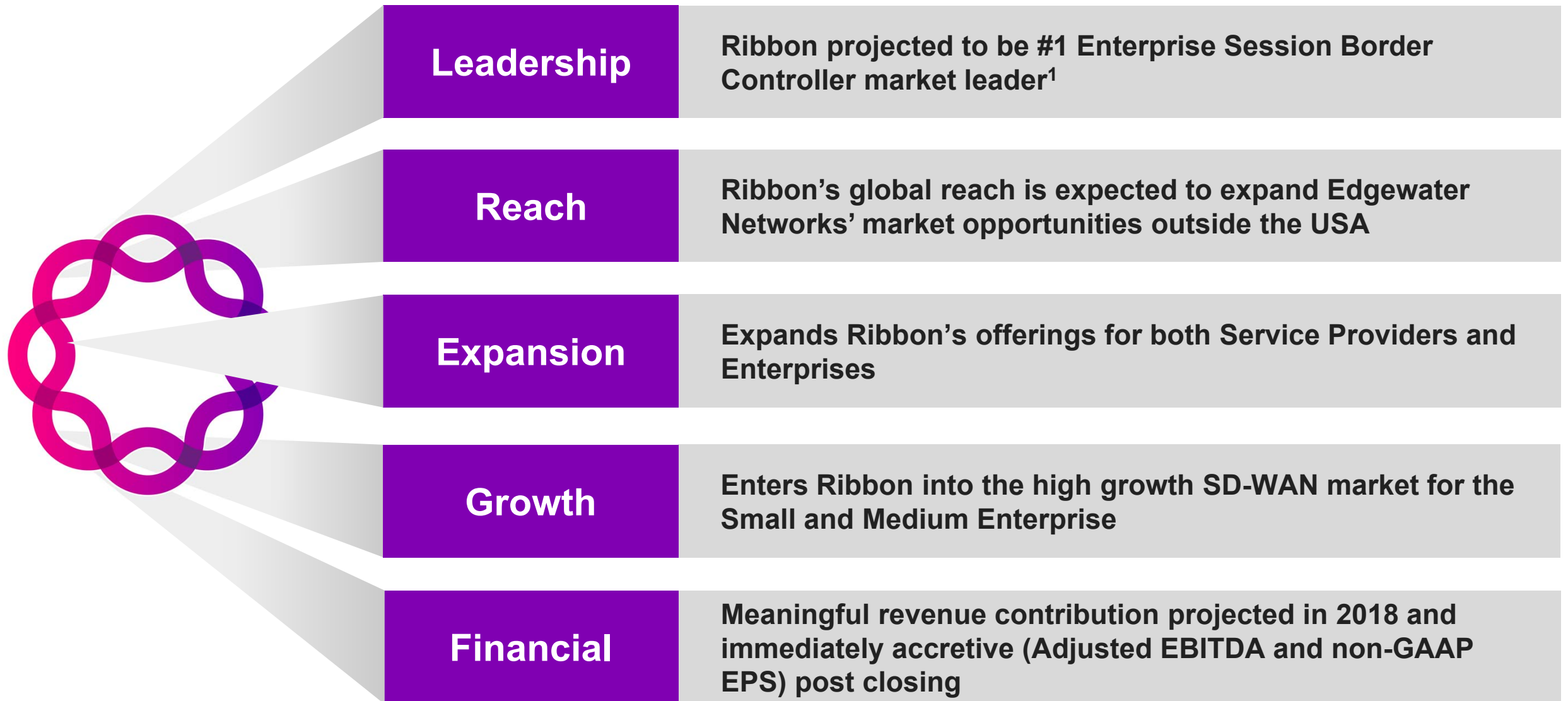
# Disclaimer on Forward Looking Statements

*This presentation contains “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, which are subject to a number of risks and uncertainties. All statements other than statements of historical facts contained in this presentation, including, without limitation, the benefits, costs and timing of and ability to consummate the proposed transaction with Edgewater Networks, Inc. (“Edgewater”), business strategy, strategic position, plans and objectives of management for future operations and plans for future product development and manufacturing are forward-looking statements. Without limiting the foregoing, the words “anticipates”, “believes”, “could”, “estimates”, “expects”, “expectations”, “intends”, “may”, “plans”, “seeks”, “projects” and other similar language, whether in the negative or affirmative, are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.*

*Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual results could differ materially from those anticipated in these forward-looking statements as a result of various important factors, including, but not limited to, the ability to complete the transaction in the time expected or at all; our success integrating the businesses of Edgewater; our ability to realize the anticipated benefits from the transaction; the effects of disruption from the transaction, making it more difficult to maintain relationships with employees, customers, business partners or government entities; the timing of customer purchasing decisions and our recognition of revenues; economic conditions; our ability to recruit and retain key personnel; difficulties supporting our strategic focus on channel sales; difficulties retaining and expanding our customer base; difficulties leveraging market opportunities; the impact of restructuring and cost-containment activities; litigation; actions taken by significant stockholders; difficulties providing solutions that meet the needs of customers; market acceptance of our products and services; rapid technological and market change; our ability to protect our intellectual property rights; our ability to maintain partner, reseller, distribution and vendor support and supply relationships; higher risks in international operations and markets; the impact of increased competition; currency fluctuations; changes in the market price of our common stock; failure or circumvention of our controls and procedures; and the important factors in Part I, Item 1A “Risk Factors”, Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part II, Item 7A “Quantitative and Qualitative Disclosures About Market Risk” in Ribbon Communications’ most recent Annual Report on Form 10-K filed with the SEC. Any forward-looking statement made by us in this presentation speaks only as of the date of this presentation. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.*

# Ribbon Announces the Acquisition of Edgewater Networks

## Strategic Rationale



1. Leadership placement derived by combining Edgewater Networks, GENBAND, Sonus and Ribbon E-SBC revenue positions for FY2017. Source: IHS, Enterprise SBCs and VoIP Gateways, Market Tracker, 07 March 2018.

# Transaction Highlights



announces the  
acquisition of



- \$110 million in cash and stock
- Expected to close in 3Q2018, subject to customary closing conditions and regulatory approvals
- Edgewater Networks had \$64 million in annual revenue and \$4 million in Adjusted EBITDA in 2017
- Expected to be accretive to Adjusted EBITDA and non-GAAP earnings in 2018
- Founded in 2002; Edgewater Networks' existing workforce of 80 employees to join Ribbon

# About Edgewater Networks



Leader<sup>1</sup> in Network Edge Orchestration, providing service assurance, security and analytics for Unified Communications and SD-WAN through a hybrid cloud/edge model

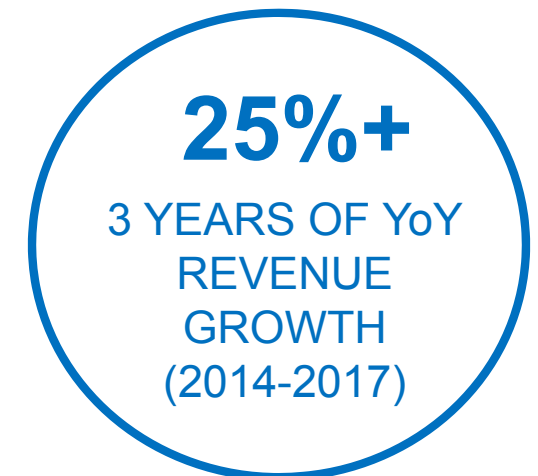
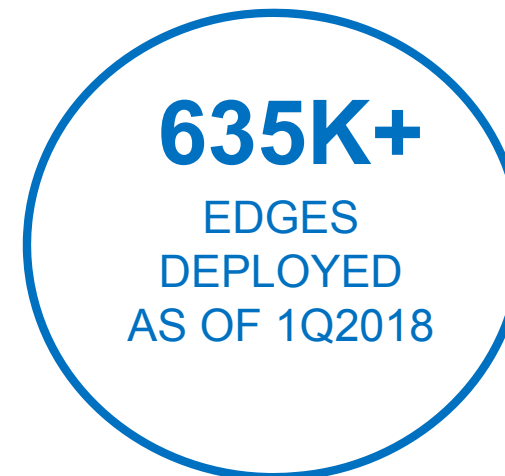
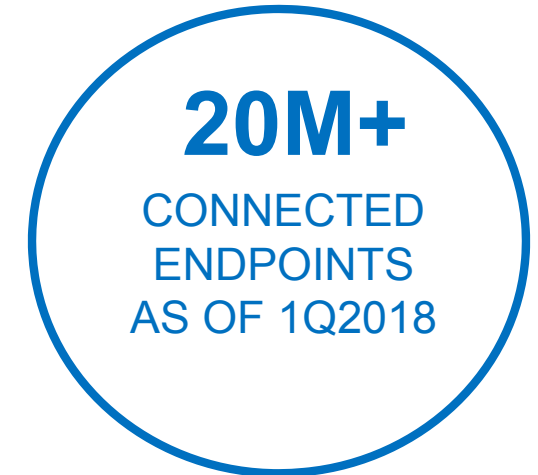
Communications Service Providers, Managed Service Providers and Enterprises use the company's solutions to monitor, secure, and optimize real time communications services from the network core to the edge



**EdgeView** cloud-based Service Control Center provisions, configures and monitors EdgeMarc Intelligent Edges

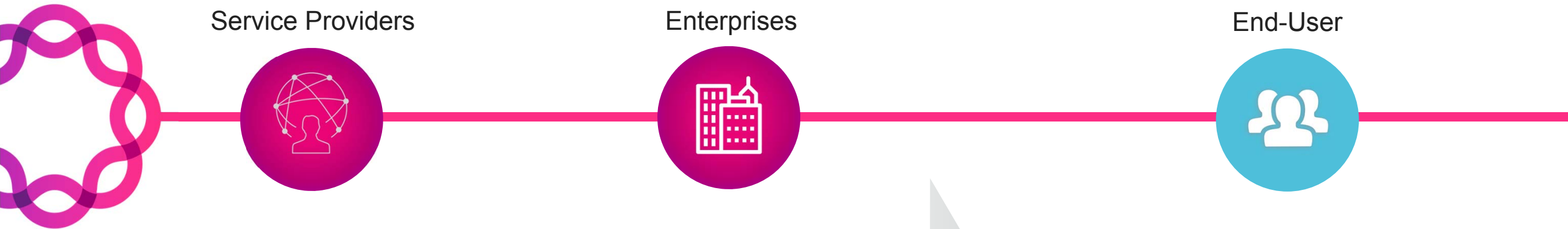


**EdgeMarc** Intelligent Edge devices actively monitor, secure, and optimize service quality



1. Leadership Ranking Source: IHS, 2017 Enterprise Session Border Controllers Market Tracker – #1 market share leader in less than 800 Sessions SME segment

# What this Acquisition Means for Customers



Service Providers

Enterprises

End-User

## Expanded and Comprehensive Managed Services offers from the Market Leader

- Extends offerings into Network Edge, UC Analytics and SD-WAN
- Provides end-to-end voice and data management of customer WAN and LAN
- Enables cloud-based service assurance and management across all site locations

## Comprehensive solutions for UC, UCaaS, UC Security, Policy, Analytics and SD-WAN

- Easier migration to Hosted UC, UCaaS and SIP Trunking
- Comprehensive SBC portfolio from edge to core, branch to headquarters
- Flexible deployment options for virtual CPE, CPE and Data Center
- Fully integrated SD-WAN service

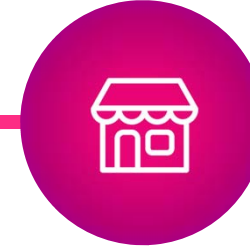
Better Customer Engagements  
Productive Communications  
Secure Communications  
Reliable Service

# Ribbon's Un-Matched and Comprehensive SBC Portfolio

Service Providers

Large Enterprises

SME & Branch Offices



Network Core

Network Core

Network Edge

In-Network/Premises

 **SBC 5400**

 **SBC 7000**

 **SBC 5400**

 **SBC 7000**

 **SBC 1000**

 **SBC 2000**

 **EdgeMarc 2900 Series**

 **EdgeMarc 7301/7400**

Virtual/Cloud/NFV  
vCPE/uCPE

 **SBC SWe**

 **SBC SWe Lite**

 **Virtual EdgeMarc**

Management/Policy/  
Security/Analytics

 **EMS**

 **PSX**

 **Protect**

 **EdgeView**



# Edgewater Networks Solutions Enhance Key Ribbon Offerings



- Intelligent Edge Orchestration
- Service Assurance
- UC Analytics

## Cloud Communications

Communications software platform and applications offered “as a Service” that enable service providers and enterprises to deploy embedded and unified communications

Kandy



## Communications Security

Communications security, fraud management and network intelligence solution that helps service providers and enterprises secure customer and employee communications environments

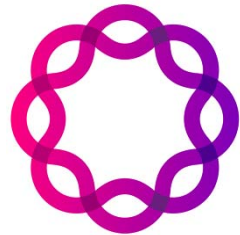
Protect



## Microsoft Solutions

As a Microsoft Gold Communications Partner, Ribbon delivers the capabilities required to rapidly migrate to secure and reliable Skype for Business and Teams environments

Microsoft





# Acquisition Aligns with Ribbon Strategy



**Invest**

**In Core Products with Balanced Investments**

**Broaden** ✓

**Solution Offers to Global Installed Base**

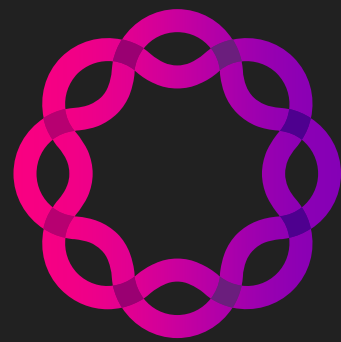
**Expand** ✓

**Into New Adjacent Markets and Applications**

**Scale** ✓

**With Acquisitions and Alliances**

# Appendix



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# Discussion of Non-GAAP Financial Measures

This presentation contains the Adjusted EBITDA of Edgewater Networks, Inc., which is considered a non-GAAP financial measure under the rules and regulations of the Securities and Exchange Commission. The reconciliation of Adjusted EBITDA of Edgewater Networks to net income is included on slide 12. Adjusted EBITDA is a non-GAAP financial measure used by our investing community for comparative and valuation purposes. We disclose this metric to support and facilitate our dialogue with research analysts and investors. Other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure. While our management uses Adjusted EBITDA as a tool to enhance their understanding of certain aspects of Edgewater Networks' financial performance, management does not consider this measure to be a substitute for, or superior to, GAAP measures. Adjusted EBITDA should not be considered an alternative for, or in isolation from, the financial information prepared and presented in accordance with GAAP. Investors are cautioned that there are material limitations associated with the use of Adjusted EBITDA as an analytical tool. In particular, many of the adjustments reflect the exclusion of items that are recurring and will be reflected in our financial results for the foreseeable future. We believe that providing Adjusted EBITDA to investors, in addition to the GAAP presentation, will allow investors to view the financial results in the way management views them. We further believe that providing this information helps investors to better understand the core financial and operating performance of Edgewater Networks and evaluate the efficacy of the methodology and information used by our management to evaluate and measure performance.

# Reconciliation of Non-GAAP and GAAP Financial Measures

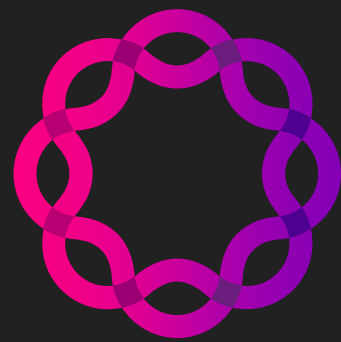
## Edgewater Networks, Inc.

(unaudited)

USD millions	Year ended December 31, 2017	Year ended December 31, 2016
<b>Adjusted EBITDA:</b>		
<b>GAAP net income (loss) (audited)</b>	1.4	*
Interest (income) expense, net	0.9	0.9
Income tax provision	0.2	*
Depreciation and amortization	0.8	0.8
<b>EBITDA</b>	<b>3.3</b>	<b>1.7</b>
Preferred stock warrant expense	0.3	0.3
Severance	0.3	--
Stock-based compensation	0.2	0.1
<b>Non-GAAP Adjusted EBITDA</b>	<b>4.1</b>	<b>2.1</b>

\* Amount rounds to less than \$0.1 million

Thank You



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